Before the **FEDERAL COMMUNICATIONS COMMISSION**

Washington, DC 20554

In the Matter of	
Bridging the Digital Divide for Low-Income Consumers	WC Docket No. 17-287
Lifeline and Link Up Reform and Modernization	WC Docket No. 11-42
Telecommunications Carriers Eligible for Universal Service Support	WC Docket No. 09-197

REPLY COMMENTS OF COMCAST CORPORATION

Kathryn A. Zachem Jordan B. Goldstein Beth A. Choroser Brian M. Josef Regulatory Affairs

Francis M. Buono Ryan G. Wallach Legal Regulatory

COMCAST CORPORATION 300 New Jersey Avenue, NW Suite 700 Washington, DC 20001

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REPLY COMMENTS OF COMCAST CORPORATION

Comcast Corporation ("Comcast") submits these reply comments in response to the Notice of Proposed Rulemaking and Notice of Inquiry released on December 1, 2017 in the above-captioned proceeding. As detailed below, Comcast supports (1) updating the Lifeline program to extend to broadband; (2) continuing to implement the national eligibility verifier to encourage broader participation by providers and minimize waste, fraud, and abuse; and (3) preserving and expanding incentives for providers with proven track records to participate in Lifeline, such as by establishing clear federal standards and ensuring that state commissions cannot use the eligible telecommunications carrier ("ETC") designation process to impose extraneous conditions that would deter participation in the Lifeline program.

FCC Rcd 10475 (2017) ("Notice").

¹ Bridging the Digital Divide for Low-Income Consumers; Lifeline and Link Up Reform and Modernization; Telecommunications Carriers Eligible for Universal Service Support, WC Docket Nos. 17-287, 11-42, and 09-197, Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, 32

I. BRIDGING THE DIGITAL DIVIDE FOR LOW-INCOME CONSUMERS IS A CRITICAL GOAL.

The Internet has an unparalleled ability to transform people's lives for the better. Internet access has the power to create greater access to education, employment opportunities, healthcare, news, information, and entertainment. Research continues to demonstrate, however, that low-income consumers are much less likely to subscribe to fixed broadband Internet access service at home compared to higher income families. According to the Pew Research Center, 53% of Americans earning less than \$30,000 have a fixed broadband service at home, compared to 93% earning more than \$75,000.² This digital divide has a negative impact on the scholastic achievement of children from low-income families; it limits the job prospects and workforce readiness of the entire household; and it limits access to online healthcare resources and to other important information.

The Commission should continue its efforts, highlighted by the Chairman's Digital Empowerment Agenda,³ to ensure that all Americans have access to broadband services. While there has rightfully been a focus on deploying broadband networks to unserved areas, millions more Americans live in communities with access to broadband networks, yet they do not subscribe, and thus do not yet enjoy the benefits of broadband Internet access. As of 2016, the national fixed broadband adoption rate was about 73 percent – that means about 27 percent of Americans did not subscribe to a fixed broadband Internet connection at any speed above dial-up

² Pew Research Center, *Internet/Broadband Fact Sheet* (Feb. 5, 2018) ("Pew Research Fact Sheet") (Who has home Broadband section), http://www.pewinternet.org/fact-sheet/internet-broadband/.

³ See Ajit Pai, Chairman, FCC, Summary of FCC Commissioner Ajit Pai's Digital Empowerment Agenda (Sept. 13, 2016), https://apps.fcc.gov/edocs_public/attachmatch/DOC-341210A2.pdf.

at home.⁴ On the other hand, during the same time period, about 92 percent of Americans had access to one or more fixed terrestrial broadband networks at speeds of 25/3 Mbps, and in urban areas that rate was 98 percent.⁵ This shows that nationwide, broadband adoption is a relatively larger problem than broadband deployment. More troubling, clear divisions in broadband adoption rates are evident across educational, racial, ethnic, socioeconomic, and geographic lines.⁶

Doing something to close the persistent adoption gap requires understanding and addressing the root causes. Rigorous quantitative research by the Census Bureau, NTIA, FCC and Pew confirm that the most significant barrier to broadband adoption by a wide margin is a

⁴ Pew Research Fact Sheet (Home broadband use over time).

⁵ Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, 2018 Broadband Deployment Report, GN Docket No. 17-199, FCC 18-10 (Feb, 2, 2018) at ¶ 57 table 4.

⁶ See Pew Research Fact Sheet, supra note 4; U.S. Census Bureau, American Fact Finder – Household Income in the Last 12 Months (in 2016 Inflation-Adjusted Dollars) by Presence and Type of Internet Subscription in Household, 2016 American Community Survey 1-Year Estimates,

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_B28004&prodType=table (last visited Mar. 22, 2018); U.S. Census Bureau, *American Fact Finder – Types of Internet Subscriptions by Selected Characteristics*, 2016 American Community Survey 1-Year Estimates,

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS 16 1YR S2802&prodType=table (last visited Mar. 22, 2018); U.S. Census Bureau, American Fact Finder – Percent of Households with a Broadband Internet Subscription - United States -- Urban/Rural and Inside/Outside Metropolitan and Micropolitan Area, 2016 American Community Survey 1-Year Estimates,

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_GCT2801.US26&prodType=table (last visited Mar. 22, 2018); and Nat'l Telecomm. & Info. Admin., Dept. of Commerce, *Exploring the Digital Nation: Embracing the Mobile Internet* 16 (Oct. 2014).

https://www.ntia.doc.gov/files/ntia/publications/exploring the digital nation embracing the mobile internet 10162014.pdf.

bucket of digital relevance and digital literacy issues.⁷ The research consistently concludes that the cost of computer equipment and the cost of service are less significant barriers to adoption.⁸

Comcast's experience with its *Internet Essentials* adoption program bears this research out. Comcast has been strongly focused on connecting low-income Americans – more focused than any other company in America. Comcast's *Internet Essentials* program is the nation's largest and most comprehensive high-speed Internet adoption initiative for low-income Americans. Since 2011, *Internet Essentials* has connected more than four million low-income Americans, in one million households, to the power of the Internet at home, most of them for the first time in their lives. The program has connected more low-income Americans to the Internet than all other similar programs *combined*.

The success of *Internet Essentials* is due to its integrated and comprehensive design to address each of the three major barriers to broadband adoption – digital literacy and digital

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⁷ Maureen Lewis, NTIA Director of Minority Telecommunications Development, *Digitally* Unconnected in the U.S.: Who's Not Online and Why?, NTIA Blog (Sept. 28, 2016), https://www.ntia.doc.gov/blog/2016/digitally-unconnected-us-who-s-not-online-and-why (pointing to data from the U.S. Census Bureau's 2015 Current Population Survey which found that 55 percent of households that do not adopt broadband cited lack of need or lack of interest as the main reason for non-adoption, compared to only 24 percent that cited cost concerns); John B. Horrigan & Maeve Duggan, Pew Research Center, *Home Broadband 2015* at 6 (Dec. 21, 2015) (finding that 70 percent of non-adopters were not interested in subscribing to the Internet); Octavian Carare et al., The Willingness to Pay for Broadband of Non-Adopters in the U.S.: Estimates from a Multi-State Survey at 4 (Nov. 19, 2014), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2375867 (finding that about two-thirds of non-adopting households would not consider subscribing to the Internet at home at any price); and FCC, Connecting America: The National Broadband Plan at 168 (Mar. 2010), https://transition.fcc.gov/national-broadband-plan/national-broadband-plan.pdf; (reporting 2009 Current Population Survey data, and finding that 41 percent of non-adopters cited relevance and digital literacy factors as the primary reasons for not having broadband in 2010. The National Broadband Plan released data on the separate elements of cost and found that 15 percent cited the monthly internet service cost and another 10 percent cited the cost of a computer as the main reasons for non-adoption).

⁸ *See supra* note 7.

relevance, access to computer equipment, and cost of the service. Its success also is attributable to its structure as a partnership between Comcast and over 9,000 community-based organizations, schools, libraries, government agencies, and elected officials. It provides eligible customers with low-cost, high-speed Internet service for \$9.95 per month, the option to purchase an Internet-ready computer for under \$150, and multiple options to access free digital literacy training in print, online, and in person. To tackle the critical digital relevance and digital literacy issues, Comcast has expended about \$350 million in cash and in-kind support to fund digital literacy initiatives nationally, reaching nearly 5 million people through our national and local nonprofit community partners.

These substantial investments have resulted in the program's overwhelming popularity and success. Comcast surveyed *Internet Essentials* customers about their experience, and 98 percent said their children use the program's Internet service for schoolwork; 93 percent feel the Internet service has had a positive impact on their child's grades; and 62 percent feel the Internet service helped someone in the household locate or obtain employment.

Within that context, Comcast supports the Commission's efforts to reform and modernize Lifeline to support broadband. But while Lifeline is appropriately focused on the cost of service, Comcast's experience demonstrates that closing the digital divide is critically dependent on a comprehensive approach that addresses all of the major barriers to broadband adoption as described above.

II. THE COMMISSION SHOULD EXTEND THE LIFELINE PROGRAM TO BROADBAND AND CONTINUE TO IMPLEMENT THE NATIONAL LIFELINE ELIGIBILITY VERIFIER TO ENCOURAGE BROADER PARTICIPATION, AND MINIMIZE WASTE, FRAUD, AND ABUSE.

Comcast has long supported updating the Lifeline program to extend to broadband.

Comcast also agrees that, as the Commission further reforms the program, it should ensure that Lifeline, like all USF programs, operates efficiently and cost-effectively. While the Commission has taken real steps to reduce waste, fraud, and abuse, one especially important step is to continue efforts to rely on a national third-party verifier, rather than providers, to confirm customer eligibility. Removing providers from the eligibility verification process will eliminate opportunities for waste, fraud, and abuse; reduce duplicative administrative burdens; and incentivize greater provider participation. Comcast agrees with the widespread record support by commenters promoting implementation of a National Lifeline Eligibility Verifier ("National Verifier"). For example, USTelecom, Cox, CTIA, Rainbow PUSH Coalition, and others strongly support continued implementation of the National Verifier. Comcast also agrees with those commenters highlighting the need to maximize the efficiency of the National Verifier by encouraging access to state information regarding consumers' participation in eligible programs.

⁹ Comments of Comcast Corporation, WC Docket Nos. 11-42, 09-197, 10-90 at 8 (Aug. 31, 2015) ("Comcast Comments").

¹⁰ See, e.g., Comments of US Telecom, WC Docket Nos. 17-287, 11-42, 09-197 at 2 (Feb. 21, 2018) ("USTelecom Comments"); Comments of Cox, WC Docket Nos. 17-287, 11-42, 09-197, at 4 (Feb. 21, 2018) ("Cox Comments"); Ex Parte of CTIA, WC Docket Nos. 17-287, 11-42, 09-197 at 3 (Nov. 8, 2017); Comments of Rainbow PUSH Coalition, WC Docket Nos. 17-287, 11-42, 09-197 at 3-4 (Feb. 21, 2018) ("Rainbow PUSH Coalition Comments"); Comments of AAJC, LULAC, MMTC et al.," WC Docket Nos. 11-42, 09-197, 10-90 at 11-14 (Aug. 31, 2015) ("AAJC, LULAC, MMTC et al. Comments"); Ex Parte of Leadership Conference on Civil and Human Rights, WC Docket Nos. 11-42, 09-197, 10-90 at 2 (Sept. 30, 2015) ("Leadership

Although deployment of the National Verifier in initial states has been temporarily delayed, ¹³ the Commission has correctly directed USAC to direct its efforts towards getting the implementation back on track. Comcast commends the Commission for its continued focus on the deployment of the National Verifier as quickly as possible. As the Commission has noted:

The revised Lifeline reimbursement process for ETCs aligns with the Commission's plan to have the National Verifier serve as the basis for determining support payments by reimbursing providers based on records of claimed subscribers in the National Verifier database. Moreover, use of the

Conference Ex Parte"); Comments of Randolph May, Free State Foundation, WC Docket Nos. 17-287, 11-42, 09-197at 5 (Feb. 21, 2018) ("Free State Foundation Comments").

¹¹ See USTelecom Comments at 6 (asserting that successful implementation of the National Verifier will fulfill "important objectives" including "protection against fraud, waste, and abuse, lower costs, and better service to eligible beneficiaries."); Cox Comments at 3 (urging the Commission to focus its attention on implementing the National Verifier, which "promises to advance the Commission's successful efforts at reducing waste, fraud, and abuse in Lifeline."); Comments of CTIA, WC Docket Nos. 17-287, 11-42, 09-197 at 5-6 (Feb. 21, 2018) (stating that "[d]eploying the National Verifier as soon as possible is the most effective way for the Commission to improve Lifeline's integrity" because it will "provide robust protection against waste, fraud, and abuse."); Comments of Verizon, WC Docket Nos. 17-287, 11-42, 09-197 at 3-4 (Feb. 21, 2018) ("Verizon Comments") (noting that, "[b]y implementing the National Verifier, the Commission will eliminate most opportunities for waste, fraud, and abuse" and also "substantially reduce the administrative and compliance costs borne by Lifeline service providers."); AAJC, LULAC, MMTC et al. Comments at 13 (highlighting that "an official arrangement between the national verifier and other federal agencies will better serve the public interest by simplifying program administration for eligible subscribers, and reducing claims of waste, fraud, and abuse."); Leadership Conference Ex Parte at 2 (echoing support for a "a centralized third-party eligibility verification system ... in a manner that will facilitate portability and consumer choice without negatively impacting Lifeline participants"); Free State Foundation Comments at 5 (urging that the "National Verifier . . . should be implemented as soon as possible" because "it should be an effective tool for rooting out fraud and abuse.").

¹² See, e.g., Cox Comments at 4-5; CTIA Comments at 6; USTelecom Comments at 5-7; Verizon Comments at 5.

¹³ Wireline Competition Bureau Announces Postponement of Initial Launch Date of the National Lifeline Eligibility Verifier, Public Notice, 32 FCC Rcd 10171 (WCB 2017).

National Verifier furthers the Commission's objective of protecting against and reducing waste, fraud and abuse in the Lifeline Program.¹⁴

Comcast previously has observed that requiring providers to verify the eligibility of Lifeline customers "deters provider participation because it is costly and burdensome" and "increases the potential for waste, fraud, and abuse." Successful implementation of the National Verifier should thus be an important focus of the Commission's work.

The National Verifier also will yield greater administrative simplicity, while reducing compliance costs and burdens on provider participants by removing providers from the customer eligibility verification process and eliminating provider requirements to retain copies of documents. These factors, in addition to the National Verifier's responsibility to "verify Lifeline subscriber eligibility, conduct checks to prevent duplicate benefits, recertify subscriber eligibility, and calculate support payments to eligible telecommunications carriers (ETCs)," 16 create incentives for providers with proven track records of providing high-quality services to participate in the program. Eligible consumers will benefit from the technical and operational expertise of established providers, and from offerings that have been tested in the consumer marketplace.

¹⁴ Wireline Competition Bureau Provides Guidance on the Lifeline Reimbursement Payment Process Based on NLAD Data, Public Notice, 33 FCC Rcd 128, 129 (WCB 2018).

¹⁵ Comcast Comments at 7-8.

¹⁶ Wireline Competition Bureau Announces Initial Launch of the National Lifeline Eligibility Verifier, Public Notice, 32 FCC Rcd 6727, 6727 (WCB 2017).

III. THE COMMISSION SHOULD ESTABLISH CLEAR FEDERAL STANDARDS FOR ELIGIBILITY AND ENSURE THAT STATE COMMISSIONS CANNOT USE THE ETC DESIGNATION PROCESS TO IMPOSE EXTRANEOUS CONDITIONS THAT WOULD DETER PARTICIPATION IN THE LIFELINE PROGRAM.

One of the Notice's goals is to "focus the Lifeline program on supporting affordable communications service for the nation's low-income households and on improving the economic incentives of providers serving them." The Commission's creation of the federal Lifeline Broadband Provider designation process laudably sought to streamline entry by providers that have not traditionally served as ETCs, and several parties addressed the Commission's authority to provide for such a federal designation. As the Rainbow PUSH Coalition states, a streamlined designation is particularly important for providers operating in multiple states to enable them to "serv[e] their communities and provid[e] broadband access to residents across the country. To the extent the Commission decides to eliminate the streamlined federal designation, and have state commissions fulfill the role of processing Lifeline ETC applications, the Commission should also ensure that state commissions confine themselves to

¹⁷ Notice, 32 FCC Rcd at 10516 ¶ 121; *see also id.* at 10503 ¶ 80 (American consumers benefit when "Lifeline subscribers [can] obtain the highest value for the Lifeline benefit through consumer choice in a competitive market.").

¹⁸ See, e.g., Rainbow PUSH Coalition Comments at 3; Comments of the National Urban League et al., WC Docket Nos. 17-287, 11-42, 09-197 at 2 (Feb. 21, 2018).

¹⁹ See, e.g., Letter from Linda Hood, AT&T, to Marlene Dortch, FCC, WC Docket Nos. 11-42, 09-197, 10-90 (Jan. 20, 2016); see also Letter from Access Humboldt, American Library Ass'n, AT&T, Benton Foundation, et al., to Tom Wheeler, Chairman, FCC, et al., WC Docket No. 11-42 at 1 (Mar. 1, 2016) ("[T]he vital purpose of bringing broadband to those who otherwise cannot afford it ... requires a uniform national policy that, while preventing fraud and abuse, encourages maximum participation and encourages innovative ways to provide affordable broadband. Unfortunately, creating such a broadband Lifeline program is incompatible with the current process of approving authorized providers.").

²⁰ Rainbow PUSH Coalition Comments at 3.

straightforwardly applying the statutory eligibility criteria set forth in Section 214(e)(1) of the Communications Act.²¹

In particular, the Commission should ensure that state commissions cannot use the designation process to impose extraneous obligations that would deter Lifeline program participation. Program reforms should seek to preserve and expand incentives for trusted and new providers to participate in Lifeline particularly as the program broadens to support broadband. Contrary to this objective, an unfettered state ETC designation process with inconsistent eligibility requirements could act as a significant deterrent.²² The Commission should make it clear that the states have an appropriately tailored role in the federal Lifeline program, which includes applying the statutory criteria for ETC designation and policing for waste, fraud and abuse, and should exclude additional state-specific regulations on services and service providers not otherwise subject to regulation by the state. Broadband providers in particular should not be subject to disparate and potentially costly state regulatory regimes and processes simply by virtue of serving Lifeline customers.²³

²¹ 47 U.S.C. § 214(e)(1). Certain states may also implement state low-income broadband programs with different eligibility requirements. Whether to participate in those programs should be determined by the provider, and satisfying state program eligibility should not be a prerequisite for participating in the federal program.

²² As commenters note, providers may offer services through affiliates and the Commission should make clear that such affiliates are eligible to provide federal lifeline services in conjunction with a state PUC-certificated entity without having to seek an ETC designation for the affiliate. *See* Cox Comments at 8 (broadband provider affiliates should be able to provide Lifeline broadband services in reliance on ETC designations of certificated affiliates).

²³ See, e.g., Restoring Internet Freedom, Declaratory Ruling, Report and Order, and Order, 33 FCC Rcd 311, 426 ¶ 194 (2018) ("regulation of broadband Internet access service should be governed principally by a uniform set of federal regulations, rather than by a patchwork that includes separate state and local requirements.").

In addition, the Commission should provide guidance to ensure that state commissions employ consistent standards in implementing Section 214(e)(2) of the Act.²⁴ The Commission has long recognized that, in evaluating requests for ETC designation, state commissions do not exercise unlimited authority; among other constraints, they must apply "competitively neutral criteria that are not so onerous as to effectively preclude a prospective entrant from providing service." That principle applies with particular force to state commissions' consideration of *broadband* providers' Lifeline ETC applications, given that such providers are not otherwise subject to state commissions' jurisdiction. Likewise, in construing other provisions of the Telecommunications Act of 1996, the Commission has often prescribed guidelines that state commissions must apply in carrying out their statutorily authorized roles. For example, the Commission set forth detailed rules to govern states' pricing of unbundled network elements pursuant to Section 252(d), and, in response to challenges to the Commission's authority to do so, the Supreme Court held that the Commission plainly may direct the manner in which states perform their assigned functions under the *federal* statute.²⁶

²⁴ See, e.g., Cox Comments at 8 (explaining that the Commission should "ensure that the ETC designation criteria and the periodic ETC review requirements that apply to Lifeline providers do not vary widely from state to state").

²⁵ Federal-State Joint Board on Universal Service; Western Wireless Corporation Petition for Preemption of an Order of the South Dakota Public Utilities Commission, Declaratory Ruling, 15 FCC Rcd 15168, 15175 ¶ 18 (2000).

²⁶ See AT&T v. Iowa Utils. Bd., 525 U.S. 366, 378 n.6 & 384 (1999) (explaining that Congress "unquestionably" "has taken the regulation of local telecommunications competition away from the States," and, although Congress gave states the responsibility to set rates for unbundled network elements, the FCC properly established a pricing methodology that the states were required to apply). See also 47 U.S.C. 254(f) ("A State may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service.").

While Comcast continues to support a streamlined national designation process, the Commission should adopt appropriate guidelines and constraints to promote its objective of expanding providers' participation in the Lifeline program and reducing waste, fraud, and abuse. For example, the Indiana Utility Regulatory Commission states that its goal in addressing ETC petitions is "to remove unnecessary burdens from the ETC petition process while doing its due diligence" to ensure that fundamental ETC qualifications are met, including that "ETCs' designated service areas are defined, ETC applicants meet federal criteria, and Lifeline support is available where needed." The Commission should take steps in this proceeding, consistent with relevant legal authority, to ensure state commissions confine themselves to straightforwardly applying the statutory eligibility criteria set forth in Section 214(e)(2) of the Communications Act and refrain from using the ETC designation process to impose extraneous conditions on providers that would deter participation in the Lifeline program.

²⁷ Comments of the Indiana Utility Regulatory Commission, WC Docket Nos. 17-287, 11-42, 09-197 at 2 (Feb. 21, 2018).

IV. CONCLUSION

Comcast urges the Commission to adopt further reforms to the Lifeline program consistent with these reply comments.

Respectfully submitted,

COMCAST CORPORATION

By: /s/ Kathryn A. Zachem

Kathryn A. Zachem Jordan B. Goldstein Beth A. Choroser Brian M. Josef Regulatory Affairs

Francis M. Buono Ryan G. Wallach Legal Regulatory

COMCAST CORPORATION 300 New Jersey Avenue, NW Suite 700 Washington, DC 20001

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